GOVERNMENT OF INDIA
AGRICULTURE AND FARMERS WELFARE
LOK SABHA

UNSTARRED QUESTION NO:1589
ANSWERED ON:25.07.2017
Growth of Farm Income
Malyadri Shri Sriram

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

(a) whether the Government proposes to ensure reasonable farm income when there is a glut in crop produced by farmers in good monsoon year and if so, the details thereof;

(b) whether it is a fact that the annual growth of farm income in real terms was only 1.6% between 2011-12 and 2015-16;

(c) the reasons advanced by the Government for farmers having fared poorly in 2016-17 too, which was a good monsoon year;

(d) whether the Government proposes to assure a massive multifold increase in procurement at MSP in 2017-18; and

(e) if not, the reasons therefor ?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

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(a): The Government fixes Minimum Support Prices (MSPs) for major agricultural crops to ensure remunerative prices for farmers on the recommendation of Commission for Agricultural Costs & Prices (CACP).

The Government had increased the Minimum Support Prices (MSPs) of both Rabi and Kharif crops for 2016-17 season. Further, to incentivize cultivation of pulses and oilseeds in the country, Government had announced a bonus of Rs. 425/- per quintal for Kharif pulses, namely Arhar (Tur), Urad and Moong, a bonus of Rs. 200/- per quintal for Sesamum and a bonus of Rs. 100/- per quintal for other Kharif oilseeds namely, Groundnut-in-shell, Sunflowerseed, Soyabean, and Nigerseed. Government had also announced bonus of Rs. 200/- per quintal and Rs. 150/- per quintal for rabi pulses viz. Gram and Masur (Lentil) respectively and a bonus of Rs. 100/- per quintal

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each for both Rabi oilseeds namely, Rapeseed/Mustard and Safflower. The Government has also increased the MSPs of Kharif crops for 2017-18 season. In addition, Government has also announced a bonus of Rs. 200/- per quintal for Arhar (Tur), Urad and Moong, Groundnut-in-shell, Soyabean and a bonus of Rs. 100/- per quintal for Sunflower Seed, Sesamum and Nigerseed for 2017-18 season.The MSPs fixed by the Government provide adequate returns over all India weighted average, all paid out costs including family labour (A2+FL) as estimated by the CACP. The Government offers to procure crops at MSP. However, farmers are free to sell their produce to the Government procurement agencies at MSP or in the open market as advantageous to them.

The Government implements the Price Support Scheme (PSS) for procurement of oil seeds, pulses and cotton through Central Nodal Agencies, at the Minimum Support Price (MSP) declared by the Government. This scheme is implemented at the request of the concerned state government which agrees to exempt the procured commodities from levy of mandi tax and assist central nodal agencies in logistic arrangements including gunny bags, provide working capital for state agencies, creation of revolving fund for PSS operations etc. as required under the Scheme guidelines. The basic objectives of PSS are to provide remunerative prices to the growers for their produce with a view to encourage higher investment and production and to safeguard the interest of consumers by making available supplies at reasonable prices with low cost of intermediation.

Government implements Market Intervention Scheme (MIS) for procurement of agricultural and horticultural commodities which are perishable in nature and are not covered under the Price Support Scheme (PSS). The objective of intervention is to protect the growers of these commodities from making distress sale in the event of a bumper crop during the peak arrival period when the prices tend to fall below economic levels and cost of production. The condition is that there should be either at least a 10 percent increase in production or a 10 percent decrease in the ruling market prices over the previous normal year. The scheme is implemented at the request of a State/UT Government, which is ready to bear 50 percent of the loss (25 percent in case of North-Eastern States), if any, incurred on its implementation. The extent of total amount of loss to be shared on a 50:50 basis between the Central Government and the State Governments and is restricted to 25 percent of the total procurement value which includes cost of the commodity procured plus permitted overhead expenses. Under the scheme, in accordance with MIS guidelines, a pre- determined quantity at the fixed

Market Intervention Price (MIP) is procured by the agencies designated by the State Government for a fixed period or till the prices are stabilized above the MIP whichever is earlier. The area of operation is restricted to the concerned state only.

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(b) & (c): The National Sample Survey Office (NSSO) conducted "Situation Assessment Survey (SAS) of Agricultural Households" during NSS 70th round (January 2013- December 2013) in the rural areas of the country with reference to the agricultural year July 2012- June 2013. The survey estimated the average monthly income per agricultural household as Rs.6426/-. As per SAS of Agricultural Households during NSS 59th round (January 2003-December 2003), the estimated average monthly income per agricultural household was Rs.2115/- in 2003. As regards, the average growth rate of agriculture and allied sector, this sector has witnessed a significant improvement of growth of 4.4 percent in 2016-17 at 2011-12 basic prices following the normal monsoon.

(d) & (e): Government undertakes procurement of wheat and paddy under its 'MSP operations'. A total quantity of 308.25 Lakh Metric Ton (LMT) of wheat has been procured in Rabi Marketing Season (RMS) 2017-18 till 20.07.2017, which is highest during the last 5 years. A total quantity of 386.73 LMT of paddy/rice has been procured in Kharif Marketing Season (KMS) 2016-17 till 21.07.2017, which is highest during the last 10 years. As of now, KMS 2017-18 has not started.

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